

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-12 IO-14 ISO-00
SIG-03 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
FRB-01 H-02 INR-10 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-02 CTME-00 AID-05 SS-15 STR-07 ITC-01
TRSE-00 ICA-20 SP-02 SOE-02 OMB-01 DOE-15 NEA-10
/185 R

DRAFTED BY EB/OT/STA:WTDIROLL:JH
APPROVED BY EB/OT/STA:TO'HERRON
-----049109 010232Z /62

R 311816Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA
AMEMBASSY BELGRADE
AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY PRETORIA
AMEMBASSY TOKYO
USMISSION GENEVA

UNCLAS STATE 221698

ALSO FOR USEEC, USOECD

E.O. 11652: N/A

TAGS: ETRD, EIND

SUBJECT: HIGH CARBON FERROCHROMIUM: USITC PROPOSES TARIFF
ACTION

REF: STATE 216406

1. IN REFTEL WE ADVISED THAT ON AUGUST 23 THE USITC FOUND
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THAT INCREASED IMPORTS ARE A SUBSTANTIAL CAUSE OF SERIOUS
INJURY TO THE DOMESTIC HIGH CARBON FERROCHROMIUM INDUSTRY
AND WOULD MEET AT A LATER DATE TO VOTE ON AN APPROPRIATE
REMEDY.

2. ON AUGUST 30, THREE COMMISSIONERS (INCLUDING ONE NOT
PARTICIPATING IN THE AUGUST 23 DELIBERATIONS ON THE ISSUE

OF SERIOUS INJURY) VOTED TO PROPOSE TO THE PRESIDENT THAT HE PROVIDE IMPORT RELIEF IN THE FORM OF ADDITIONS TO THE EXISTING TARIFF OF FIVE-EIGHTHS CENT PER POUND ON THE CHROMIUM CONTENT FOR A PERIOD OF FIVE YEARS. IN THE FIRST AND SECOND YEARS, AN ADDITIONAL DUTY OF THIRTY PERCENT AD VALOREM WOULD BE APPLIED; IN THE THIRD YEAR, 25 PERCENT, AND IN THE FOURTH AND FIFTH YEARS, 20 PERCENT. THE PROPOSED ADDITIONAL AD VALOREM DUTIES ARE IDENTICAL TO THOSE WHICH THE COMMISSION RECOMMENDED TO THE PRESIDENT AT THE CLOSE

OF ITS PREVIOUS INVESTIGATION LAST DECEMBER.

3. ONE COMMISSIONER (AS HE HAD DONE IN THE PREVIOUS INVESTIGATION) HAS RECOMMENDED THAT THE PRESIDENT IMPOSE AN ADDITIONAL DUTY OF EIGHT PERCENT AD VALOREM TO BE APPLICABLE FOR A PERIOD OF THREE YEARS.

4. THE FIFTH COMMISSIONER (WHO DID NOT PARTICIPATE IN THE PREVIOUS COMMISSION DETERMINATION) HAS RECOMMENDED THAT THE PRESIDENT IMPOSE A QUOTA OF 95,000 SHORT TONS FOR A PERIOD OF FIVE YEARS BEGINNING JANUARY 1, 1978. NOT MORE THAN 25 PERCENT OF THE ANNUAL QUOTA WOULD BE PERMITTED ENTRY DURING ANY CALENDAR QUARTER. THE QUOTA WOULD BE ALLOCATED BY COUNTRY (IN SHORT TONS PER YEAR) AS FOLLOWS: SOUTH AFRICA, 35,150; RHODESIA, 27,550 AND ALL OTHER, 32,300 AND THE QUOTA SHARES INCREASED 5
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PERCENT ANNUALLY BEGINNING JANUARY 1, 1980. THE PROPOSED QUOTA LEVEL IS AVERAGE ANNUAL IMPORTS FROM ALL COUNTRIES DURING THE SIX YEAR PERIOD 1972/77 AND THE ALLOCATIONS WOULD BE EACH SUPPLYING COUNTRY'S PROPORTIONATE SHARE OF THE TRADE IN THAT PERIOD. THE ALLOCATION TO RHODESIA WOULD, HOWEVER, BE ADDED TO THE "ALL OTHER" ALLOCATION SO LONG AS THAT COUNTRY WAS NOT AN ELIGIBLE SUPPLIER.

5. UNDER UNITED STATES TRADE LEGISLATION THE TARIFF ACTION PROPOSED BY THE GROUP OF THREE COMMISSIONERS MENTIONED IN THE SECOND PARAGRAPH IS THE RECOMMENDATION OF THE COMMISSION. AS NOTED IN REFTTEL, THE USITC WILL SUBMIT A REPORT OF ITS FINDINGS AND RECOMMENDATION TO THE PRESIDENT BY SEPTEMBER 5. THE PRESIDENT WILL HAVE SIXTY DAYS AFTER RECEIPT OF THE REPORT TO ACCEPT, MODIFY OR REJECT THE COMMISSION'S RECOMMENDATION. DURING THE SIXTY DAY PERIOD AN INTERAGENCY WORKING GROUP WILL REVIEW THE PROPOSED ACTION AND FORMULATE A RECOMMENDATION FOR CONSIDERATION BY THE PRESIDENT. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CARBON, TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE221698
Document Source: CORE
Document Unique ID: 00
Drafter: WTDIROLL:JH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780356-1062
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978082/aaaaabuf.tel
Line Count: 113
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1336f25a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 216406
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1610921
Secure: OPEN
Status: NATIVE
Subject: HIGH CARBON FERROCHROIUM: USITC PROPOSES TARIFF ACTION
TAGS: ETRD, EIND, US, BR
To: BRASILIA BELGRADE MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/1336f25a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014